

## **SECTION II**

### **BENEFITS**

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## **1. COMPREHENSIVE PUBLIC TRAINING PROGRAM**

This program offers career-oriented courses which are designed primarily to upgrade the professional, technical and managerial skills of state employees.

Employees are allowed to participate in this program during work hours, with the permission of their supervisors. The CPTP program has two major components:

1. CAREER ENRICHMENT - These are courses open to all state employees.
2. MANAGEMENT DEVELOPMENT - These are courses open only to those employees in supervisory or managerial positions.

The CPTP Coordinator for the Department will be a staff member in the Human Resource Office. All questions and concerns concerning the CPTP program should be directed to the Human Resource office.

### **COURSE INFORMATION**

Class schedules are issued periodically and provide information on regularly scheduled management development and career enrichment courses. This information is immediately disseminated throughout the agency.

### **APPLICATION & ENROLLMENT INFORMATION**

To apply for enrollment in a course, the employee should complete the CPTP application form. A copy of the form is sent out with the course schedule for offices to copy and use; however, if no form is available in your office, contact the Human Resource Office for an application form or the form can be downloaded from the CPTP website at [www.state.la.us/cptp/cptp.htm](http://www.state.la.us/cptp/cptp.htm).

Once completed, the form should be signed by the employee's supervisor, and then returned to the agency Human Resource Office. The agency CPTP Coordinator must sign the form and submit it to the CPTP program. When an employee has been scheduled for a class, he will be notified by either of the following means:

1. The CPTP program will send a notice to the employee two weeks prior to the beginning of the course. Included will be any parking information or permits necessary.
2. The CPTP program will notify the agency CPTP coordinator, who will then contact the employee regarding course day, date and time.

### **CANCELLATION**

If an employee has agreed to attend a course on a specific day and later finds that his work schedule or other matters will prevent him from attending, the employee should immediately notify the agency CPTP coordinator.

## **2. STATE EMPLOYEES RETIREMENT SYSTEM**

NOTE: See "Deferred Compensation" in this Section of the manual for information on a related benefit.

### **HOW TO CONTACT THE RETIREMENT SYSTEM**

The Louisiana State Employees Retirement System can be contacted at P.O. Box 44213, Baton Rouge, LA 70804, or by calling (225) 922-0600. LASERS website address is [www.lasers.state.la.us/](http://www.lasers.state.la.us/)

### **PARTICIPATION**

Participation in the Retirement System is mandatory for each employee hired prior to attaining age 60.

Currently, the employee contribution is 7.5% of the employee's monthly gross salary (excluding overtime compensation). The current State contribution is 12% of each employee's monthly gross salary (excluding overtime).

Regular retirement and other benefits are NOT automatic upon termination from state employment. Employees MUST complete and submit to the Retirement System the appropriate benefits application forms at least 30 days prior to the retirement date. In addition, the employee must make appropriate arrangements with Personnel and Payroll if he wishes to continue insurance and other benefits deductions from the retirement check. A retirement checklist is included later in this section to assist employees in making sure they have completed all necessary paperwork.

### **BENEFITS**

- a. **REGULAR RETIREMENT** - An employee becomes eligible for regular retirement upon meeting one of the following combinations of creditable service and age:
- 30 years service, any age;
  - 25 years service, at age 55;
  - 10 years service, at age 60.

An employee will select one of four options for retirement. The retirement system will compute an estimate of benefits payable under each option provided the employee is within one year of reaching retirement eligibility. A sample letter to request this estimate appears at the end of this section on Retirement.

## STATE EMPLOYEES RETIREMENT SYSTEM, continued:

- b. DISABILITY RETIREMENT - This is available for employees who have become totally and permanently disabled (physically or mentally) to the extent that they can no longer perform the required duties of the position. The employee must have at least ten years of creditable service, and the employee cannot be eligible for regular retirement.
- c. SURVIVOR'S BENEFITS - This is paid to survivors of a deceased active or inactive system member (but not payable to survivors of a deceased RETIRED member). The member must have had at least five years of creditable service.
- d. EARLY RETIREMENT - From time to time, there are various Acts enacted by the Legislature which provide for early retirement under conditions not included above. These frequently have a limited window of opportunity for retiring. If you wish to obtain information about any special early retirement offerings, then please contact the Human Resource office.
- e. DEFERRED RETIREMENT OPTION PLAN (DROP) – Employees must be eligible for regular retirement, according to the regular eligibility requirements before participating in DROP. Employees should contact LASERS three months prior to their retirement eligibility to determine their exact window of eligibility. The “window” begins on the date of regular retirement and continues for three years and sixty days. The employee can enter DROP on the first date of eligibility or within 60 days and participate in DROP for a maximum of three years. If an employee waits and enters after sixty days, the length and time of participation is reduced.

## REFUND OF CONTRIBUTIONS

An employee who leaves state service prior to becoming eligible for retirement may request a refund of his/her contributions into the system. Appropriate forms are available from the Personnel Office. **PLEASE NOTE THAT THE REFUND WILL CONSIST ONLY OF THE AMOUNT CONTRIBUTED BY THE EMPLOYEE;** the amount placed into the system as the State's share will NOT be refunded to the employee.

The Retirement System processes refund requests when the employee has been out of state service for thirty days. Upon receipt of the refund, the employee loses that service credit in the system.

An employee who left state service and received a refund, then later returned to state service but did not "buy back" the period of time refunded, should note that the "adjusted service date" noted on his Personnel forms will reflect state service credit for layoff purposes, and this is not always the same as the creditable service for retirement purposes.

## PURCHASING SERVICE CREDIT FOR SERVICE THAT WAS REFUNDED

An employee who received a refund and who is later rehired may "buy back" the service time lost upon issuance of the refund after being continuously employed for 18 months . Interest will be charged. Interested employees should make a written request to the Retirement System, which should include the name(s) under which the previous service was reported, employee's date of birth and social security number, and the dates of service for which the refund was issued.

## INFORMATION ON LEAVE

On an employee's final regular paycheck, the employee will receive a payment for up to 300 hours of accrued annual leave. Form BER30, Application for Payment of Leave or Conversion to Service Credit must be completed . The remaining leave balances can be used in either of the following ways:

1. The remaining balance of annual leave and sick leave can be used to ADD to the employee's retirement eligibility (leave balances can NOT be used to create retirement eligibility). OR
2. Employees may choose to receive a lump-sum payment for the balance of their leave (instead of having the leave convert to retirement credit). Payments of annual and sick leave will be based on the actuarial value of the leave, not on the employee's current salary. Employees may ask the Retirement System for an estimate of the payment amount. PLEASE NOTE: Employees must submit all required retirement paperwork, including the Form BER-30, to the Retirement System PRIOR TO THE DATE OF RETIREMENT. The retirement system will not consider a request for payment of leave that is submitted to them after the employee's retirement date.

## DEFERRED RETIREMENT OPTION PLAN (DROP)

The DROP plan is not an additional retirement benefit, but it is an optional method of retirement from the Louisiana State Employees Retirement System. While participating in DROP, the member continues state employment and has all rights and responsibilities of other employees, except for those relating to retirement. The member is eligible for promotions and salary adjustments and may transfer to another agency. DROP participants must also follow the rules for hiring, firing, layoffs and leave accrual and usage. DROP participants no longer pay employee retirement contributions and do not earn service credit.

Currently, an employee may choose to participate in DROP for up to three years. During DROP participation, the employee accumulates money in an individual account based on what he would have received as a monthly retirement benefit. The employee also continues to earn his regular salary. At the end of the DROP participation period, the employee may choose to return to active employment, or may choose to retire. However, withdrawal from the DROP account can begin only when the employee has retired. The withdrawal may be in the form of either a lump sum or a series of payments spread out over time.

DROP eligibility criteria and participation factors may change from time to time; therefore, employees who wish to obtain more information about the DROP

program should contact the Department's Human Resource Office or should contact LASERS directly.

### RETIREMENT CHECKLIST

- // Contact the Retirement System for an estimate. A form letter is included on the next page for your use. It is suggested that this be done at least 3 months prior to the anticipated effective date of retirement.
- // If you wish to consider being paid for annual and sick leave balances, then request this estimate also from the Retirement System.
- // Contact the Human Resource Office for the appropriate forms.
- // After estimate is received, complete the Application for Retirement (BER4 Form), and indicate under which option you wish to retire. Also, obtain spouse approval of option selected, if required. It is recommended that the application for retirement be submitted at least one month prior to the anticipated effective date of retirement. Note that this application must be completed and submitted in addition to the request for an estimate - a request for an estimate is not an application for retirement. Attach copies of social security cards and birth certificates for employee and all beneficiaries.
- // Complete form BER-30, to be paid for unused annual and sick leave or to have unused annual or sick leave converted to service time. This form must be completed and submitted to LASERS prior to your retirement date.
- // Notify your supervisor in writing of your intention to retire. If you wish to use any annual or compensatory leave prior to the anticipated effective date of retirement, make the request for leave usage at this time also.
- // Contact the Human Resource Office to make arrangements for payment of your insurance premiums and other items which have been deducted from your paycheck. If continued payroll deduction is desired for insurance, complete and submit the appropriate form to continue this deduction.
- // For miscellaneous insurances and other deductions, contact the appropriate organization for information concerning continued participation.

The form letter you may use to request an estimate appears on the next page.

Name:

Address:

DATE: \_\_\_\_\_

To: Louisiana State Employees Retirement System  
P.O. Box 44213  
Baton Rouge, LA 70804

Gentlemen:

I anticipate retiring from the State Civil Service on \_\_\_\_\_.

// I request an estimate of my retirement benefit.

I //DO DO NOT // request an estimate of payment of unused annual and sick leave.

My approximate leave balances at time of retirement will be \_\_\_\_\_ hours of annual leave and \_\_\_\_\_ hours of sick leave.

My social security number is \_\_\_\_\_ and I entered state service on \_\_\_\_\_

Please contact me if additional information is needed. I can be reached by mail at the address above, or by phone during the day at (\_\_\_\_) \_\_\_\_\_.

Sincerely,

### **3. UNEMPLOYMENT INSURANCE**

The Louisiana Employment Security Law gives employees the right to apply for and receive unemployment benefits if they become unemployed through no fault of their own (layoff, etc.) and if they meet the monetary requirements of the Employment Security Law.

#### **ELIGIBILITY**

Unemployment benefits are payable if:

1. You have made a claim for benefits.
2. You have registered for work.
3. You are able to work and are available to work.
4. You have been unemployed for a waiting period of one week.
5. The Administration of Employment Security certifies that you are monetarily eligible (wages during the base year were greater than 30 times the Weekly Benefit Amount).
6. Your employment was for services that are not specifically excluded in the Act.
7. You have not been disqualified in accordance with provisions of law (for example, quit without good cause connected with the job).

#### **DISQUALIFICATION**

An individual may be disqualified if:

1. He left employment without good cause connected with the employment.
2. He was discharged for misconduct connected with the employment.
3. He refuses to seek work or to accept available employment.
4. He is unemployed due to a labor dispute in which he is actively involved.
5. He is receiving retirement or pension benefits to which the base period employer has contributed.



#### **4. AGRICULTURE FEDERAL CREDIT UNION (LADAI)**

The LADAI Credit Union is a cooperative business organization which obtains funds from its members and in turn lends these funds to these same members. As a non-profit organization owned and controlled by its members, your Credit Union offers you a group of benefits comparable to or in some cases better than any other financial institution.

The Credit Union office hours are 8:00 a.m. until 3:00 p.m. each day.

Membership and loan applications can be obtained from the LADAI Credit Union office. For further information, contact the Credit Union at (225) 922-1254, or P.O. Box 3512, Baton Rouge, LA 70821.

#### **MEMBERSHIP**

An application for membership must be submitted to the Credit Union office for approval, along with a membership fee of twenty-five cents and an initial deposit of \$10 (which represents the first share). Subsequent shares are purchased in denominations of \$10 each. An amount designated by the employee can be deducted from the employee's bi-weekly paycheck and deposited directly with the Credit Union. Deposits can also be made in person or by mail.

The field of membership includes the following relatives of the principal member of LADAI Federal Credit Union: Mother, Father, Grandparent, Child, Grandchild, Brother, Sister, Niece and Nephew. The Principal Member is defined as that individual who becomes a member as a result of employment with the Louisiana Department of Agriculture and Forestry.

Upon leaving state employment, a member may still enjoy all benefits of the Credit Union membership with the exception of payroll deduction.

#### **SHARE ACCOUNT BALANCES AND WITHDRAWALS**

All share accounts must maintain a minimum balance of \$50. New members will be given six months to build their account to \$50.

A penalty of \$10 will be charged after the third withdrawal in a quarter.

#### **LOANS**

##### **WHO MAY BORROW**

Any member who has attained the age of eighteen years and who is employed is eligible for consideration to receive a loan. Also, a member's child who is a student and who has an account with the Credit Union may apply for a loan, provided that both parents co-sign and guarantee the loan. Employees of

the Department must have attained permanent status before they are eligible to receive a loan. Members who are not employed by the Department must belong to the Credit Union for six months before they are eligible to receive a loan.

### GENERAL PROVISIONS

All loan applications will be reviewed by the Credit Committee (comprised of members of the Credit Union) and a decision made without regard to the applicant's race, religion, national origin, creed, sex, political affiliation, marital status, age or the fact that he/she may be receiving public assistance. The decision of the Credit Committee will be based on the individual merit of the application, on the applicant's character and capacity to repay the loan, and on the fair market value of the collateral offered.

### LOAN APPLICATION FEES

There is a \$5.00 application fee charged for all loan applications. This charge covers the cost of Credit Reports and other loan processing costs.

### CREDIT DISABILITY INSURANCE

The Credit Union offers Credit Disability Insurance on loans which will make your loan payments for you if you are disabled and unable to work. These payments continue for as long as you are disabled or until the loan is paid off.

### TYPES OF LOANS

#### 1. SHARE LOANS

Loans secured by a member's shares may be granted up to the amount of his unencumbered shares, with a maturity not to exceed 36 months.

#### 2. NEW AUTOMOBILE LOANS

New automobiles may be financed for up to 90% of the selling price, to which amount may be added taxes and license and title fees. Maturity will not exceed 60 months. A new automobile is defined as a previously untitled and unsold automobile with no previous owner.

#### 3. USED AUTOMOBILE LOANS

Used automobiles may be financed for up to 80% of the NADA or National Market Reports "Red Book" retail value, as listed in the month in which the application is acted upon, plus taxes and license and title fees. Maturity will not exceed 48 months.

#### 4. UNSECURED LOANS

Unsecured (signature) loans are based on the member's length of service with the Department of Agriculture and Forestry. Current information on allowable loan amounts and the repayment schedule is available from the Credit Union office.

Further information regarding loans or other Credit Union benefits, or information on current interest rates, may be obtained from the Credit Union Office.

## **5.. WORKER'S COMPENSATION FOR ON-THE-JOB INJURIES**

Worker's compensation benefits are available to all state employees who sustain injuries while on duty. The program is designed to protect employees from loss of total income due to an injury which occurred while working.

The worker's compensation benefits coordinator is a staff member of the Human Resource Office. Please contact this office for any questions regarding worker's compensation.

### **REPORTING OF INJURIES**

The process for reporting injuries is contained in Section IV - Procedures Section of this manual.

### **BENEFITS**

#### **1. PAYMENT OF MEDICAL BILLS**

Employees are eligible for payment of medical bills related to an on-the-job injury. A Medical Fee Schedule is in effect which applies to state employees in connection with worker's compensation claims. All medical bills for treatment are screened and adjusted for compliance with the fee schedule, and payments are made accordingly by the Office of Risk Management.

**IMPORTANT NOTE:** PROVIDERS OF MEDICAL SERVICES CANNOT HOLD INJURED EMPLOYEES RESPONSIBLE FOR ANY PORTION OF THEIR BILL THAT IS IN EXCESS OF THAT ALLOWED BY THE FEE SCHEDULE. Employees who are billed by a provider for the excess portion of a fee that was not paid by worker's compensation should immediately contact the agency worker's compensation coordinator.

#### **2. WAGE REPLACEMENT**

If the injury results in an absence from work for longer than seven days, the employee is also eligible to receive replacement of up to 66 2/3% of the weekly wage at the time of the accident, not to exceed an established cap (limit set by Office of Risk Management and is subject to change). While on workers compensation, employees may elect to either retain their weekly benefits check or sign it over to the Department and "buy back" sick or annual leave with the check. It should be noted that electing to retain the benefits check in lieu of buying back leave could possibly effect an employees retirement contributions and leave earning rates. If an employee elects to "buy back" leave, they will be required to sign the worker's compensation check over to the agency to purchase back a portion of sick leave used while absent. Employees who fail to endorse and return the worker's compensation check within fourteen days of postmark may be placed on Leave Without Pay for the amount of leave that the workers compensation check would buy back. An employee who has exhausted accrued sick leave may APPLY for use of annual leave to continue receiving a full paycheck. If approved, the worker's compensation check will be signed over to the agency to purchase back the annual leave used. If NOT

approved, the employee will be placed on leave without pay, and he will retain the worker's compensation check.

### LEAVE REQUESTS

If a work-related injury causes an absence of less than one week or requires only occasional absences to visit the doctor, employees should make their leave requests in the same manner as they would when requesting leave under other circumstances.

For leave requests when an extended leave (one full week or more) is required, the Department's policy is that the employee **MUST** submit a properly completed and signed leave slip to their BATON ROUGE office. The leave slip must be mailed so that it is received by the Baton Rouge office no later than the day time sheets and/or work activity reports are normally due. Leave slips covering several pay periods may be submitted at one time, if the employee chooses.

Employees who fail to submit their leave slips on time will be placed on leave without pay. A request for sick leave (the signed leave slip) which is made **AFTER** the due date **WILL NOT BE APPROVED**; the employee will be placed on leave without pay and he will retain the worker's compensation check covering the LWOP period, rather than sending the check in for leave reimbursement as usual. Further information on this policy is in the Sick Leave Section of the Attendance and Leave Policy in the Policies Section of this manual.

Employees who are injured on the job and miss more than forty hours of work will be automatically placed on Family Leave. An FMLA notification and necessary paperwork will be sent to injured employees for certification.

### FILING WITH OTHER INSURANCE COVERAGE

The State Employees Group Benefits Program will **NOT** pay a claim for treatment for a work-related injury. All such injuries must be paid by Worker's Compensation.

Employees who belong to an HMO can receive medical attention from his/her primary care physician with the HMO, but the provider should be notified that this is a work-related injury. The provider can bill all charges as indicated below.

### VERIFICATION OF COVERAGE and PAYMENT OF MEDICAL BILLS

For verification of worker's compensation coverage, the medical provider can contact the Human Resource Office, Department of Agriculture and Forestry, Personnel Office, P.O. Box 4172, Baton Rouge, LA 70821, Phone (225) 922-1255.

All medical bills should be forwarded to the above address.

If there is a question concerning whether or not a particular procedure or course of treatment will be covered, the medical provider should contact the Office of Risk Management, (225) 342-8484.

## **6. GROUP INSURANCE**

**NOTE:** Please refer to the "Flexible Benefits Plan" in this Section of the Manual for information on a separate but related benefit.

The State of Louisiana offers an Employee Group Benefits Program. In addition, employees in some areas may be given a choice of participating in either the Group Benefits Program or one or more HMO organizations.

Participation in any available health coverage program is optional. Employees who elect to participate within 30 days of employment are automatically accepted. After 30 days, an employee may apply for coverage, but may be required to offer evidence of insurability, and pre-existing conditions may not be covered. Employees who get married or who have a child may add the dependent(s) within 30 days of the event.

Participating employees may switch from the Group Benefits Program to an available HMO (or vice-versa) during specified open enrollment periods held once a year.

Information concerning the programs available in your area is available from the Human Resource Office.

## **7. EMPLOYEE ASSISTANCE PROGRAM**

The Employee Assistance Program (EAP) is currently available for employees in East Baton Rouge Parish;

### **WHAT THE PROGRAM IS**

The EAP is designed to assist and support employees who are experiencing personal problems which may affect job performance, and which may benefit from outside management or professional help. These problems include (but are not limited to) substance abuse; family problems; emotional problems; financial problems; problems with aging parents; and any other problem that may affect job performance by affecting the health and well-being of the employee.

Volunteers from among the state work-force serve as EAP representatives, and provide CONFIDENTIAL information about or referral to assistance resources which are available in this area (such as Adoption Services, Battered Women's Program, Family Counseling Services, support groups of various types, and other support or assistance sources). The EAP representative is NOT a counselor, and will not try to counsel an employee about problems. The EAP representative has been given a comprehensive listing of assistance resources in the area, and will provide information or referral only, not counseling.

### **HOW TO USE THE EMPLOYEE ASSISTANCE PROGRAM**

Employees may contact an EAP representative on their own initiative. Brochures which list the names and phone numbers of EAP representatives are available from the Personnel Office.

There may be occasions when a supervisor may suggest an employee call the EAP for assistance with personal problems that are causing work performance problems.

At no time will an employee be REQUIRED to call the EAP against his will, nor are employees REQUIRED to use the referral information received from the EAP representative.

### **COST TO EMPLOYEE**

The referral information received from the EAP representative is FREE OF CHARGE.

Employees using the EAP should be aware that the assistance source he is referred to MAY have charges or fees - payment of these will be the responsibility of the employee. Some assistance may be covered by insurance.

## GUIDELINES FOR USE OF THE EMPLOYEE ASSISTANCE PROGRAM

### USE OF WORK TIME AND PHONES

Employees may use their work phone on breaks or at lunch to contact an EAP representative. The calls should be limited to 10 minutes whenever possible. If the employee is referred to the Employee Assistance Program by a supervisor, the employee may make the call during work hours.

Employees who feel they are unable to make a private call from the phone on their desk may use available pay phones while on break or at lunch. In addition, if the employee has been referred to the EAP by a supervisor, or if the employee cares to advise the supervisor he is considering contacting the EAP, the employee may request the use of the supervisor's phone to make the call. Supervisors have been urged to honor such requests, and have been urged to assist employees in ensuring privacy in EAP matters.

### USING LEAVE TO PARTICIPATE IN THE PROGRAM

Meetings with EAP representatives should not normally be necessary. However, if needed, an employee may use his/her lunch break for a meeting, or the employee may request annual leave.

If an employee chooses to participate in a program he/she has been referred to, and such participation will occur during the workday, the employee will be required to use annual or sick leave, whichever is appropriate. This is true even if the employee's initial contact with the EAP was made at the suggestion of a supervisor.

### PRIVACY AND CONFIDENTIALITY

The EAP representative providing referral information will not ask for a caller's name. No record of calls, referrals or employees are maintained. EAP representatives will NOT contact the employer unless the caller requests such contact.

No information about an employee's participation in the EAP or in a program he/she has been referred to will be placed in the employee's personnel file without the employee's written consent. The mere fact of participation in the program will not jeopardize an employee's present or future employment.

### PARTICIPATION IN EAP vs. DISCIPLINARY ACTION

Employees should be aware that participation in the EAP for personal problems that are causing work performance problems will NOT automatically assure that no disciplinary action will be taken for the work performance problems. Depending upon the severity of the work-related problem, a supervisor may still recommend disciplinary action. However, an employee's willingness to participate in the EAP may lessen the severity of the initial action taken.

Employees will be given a reasonable opportunity to correct a performance problem. Participation in the EAP can be one step toward correcting the problem; however, supervisors are not required to accept substandard



performance for indefinite periods of time when the steps an employee is taking (including EAP participation) are ineffective.

#### SUPERVISORY MONITORING OF PARTICIPATION IN EAP

If a supervisor refers an employee to the EAP in lieu of disciplinary action, it is reasonable to expect that the supervisor would want to monitor the employee's participation in the program. Employees retain the option to agree or not agree to such monitoring.

If agreed to, the monitoring would be limited to the issue of whether or not the employee is actively participating in a program he/she has been referred to; supervisors are not to monitor an employee's progress or any other matter of a personal nature.

The supervisor at all times retains the right to recommend disciplinary action, if warranted.

The supervisor/employee relationship should at all times remain work-related. The supervisor is not a trained counselor, and should not attempt to provide counseling services. The employee should not expect the supervisor to become involved in personal problems. The supervisor's role will be limited to monitoring the employee's participation in the EAP program and/or providing counseling or feedback as to job performance.

## **8. LOUISIANA DEFERRED COMPENSATION PLAN**

### **PLAN PURPOSE**

The Louisiana Deferred Compensation Plan provides employees with the opportunity to participate in a supplemental retirement savings plan which is also tax-sheltered.

### **PLAN ADMINISTRATOR**

Great-West Life Assurance Company, Baton Rouge, LA  
Phone (225) 926-8082  
1-800-345-4699

Employees wishing to participate should contact Great-West for forms and information, and then should contact the Department's Payroll office to submit the proper payroll deduction forms.

### **HOW THE PLAN WORKS**

The Deferred Compensation plan is an opportunity to invest money on a before-tax basis through payroll deduction. Because an employee's taxable income is reduced with each contribution, an employee can save money rather than pay it in taxes.

Employees can participate for as little as \$10 per pay period, up to a maximum of 25% of taxable income. Savings cannot exceed \$12,000 per calendar year, EXCEPT during the three years prior to retirement, when an employee can use a special "catch up" provision to save up to \$15,000 per calendar year.

The before-tax aspect is what makes the Deferred Compensation Plan very attractive. Participants pay no federal or state income tax on their contributions. In addition, accumulated interest or earnings on an account are tax-deferred. No taxes are paid on the account until funds are withdrawn.

A participating employee can choose any one or combination of several investment "funds" to satisfy personal investment objectives. Some "funds" offer a very low risk and a guaranteed rate of return; other "funds" are higher risk, but offer variable rates of return that are usually (but not always) higher than the guaranteed rate. Representatives at Great-West are very helpful in giving information, advice and assistance to employees wishing to discuss investment needs.

At any time during the year, an employee can choose to change the amount being placed into the fund, switch from one "fund" type to another, transfer accumulated money from one "fund" type to another, or stop deductions completely and begin again later.

Although an employee can stop his deduction at any time during the year, federal regulations allow for withdrawal of funds only under one of the following four circumstances:

1. Retirement (no age requirement).
2. Separation from state service.
3. Death of participant.
4. Proven financial hardship (hardship due to unforeseen emergency or crisis. Hardship due to circumstances that could have been planned for, i.e., college education for children, would not be considered).

Because money placed into the fund is not readily accessible at any time, employees are urged to remember that this plan is a **SUPPLEMENTAL SAVINGS PLAN FOR RETIREMENT**. It is **NOT** intended to replace an employee's normal savings account used for Christmas, vacations, etc. Employees participating in the Deferred Compensation Plan are urged to maintain their normal savings practices at a personally acceptable level.

## **9. FLEXIBLE BENEFITS PLAN**

### **WHO CAN PARTICIPATE**

Any active, full-time employee can enroll in this program. Enrollment in Group Benefits does NOT automatically enroll an employee in the Flexible Benefits Plan. An employee who is participating in the State Employees Group Benefits plan or who is participating in certain other miscellaneous insurance plans offered through payroll deduction MUST CHOOSE to participate in the Flexible Benefits Plan.

### **PURPOSE OF THE PLAN**

The Plan helps to reduce taxes and increase spendable income when certain benefit payments are paid through this plan. In addition, the plan provides for a Dependent Day-Care Spending Account, which is a tax-free spending account.

### **HOW THE PLAN WORKS**

**BENEFIT PREMIUMS** -- The Plan decreases taxable income by providing a deduction, **PRIOR** to tax calculations, of the amount needed to pay certain insurance premiums. The insurance premiums are then paid through the Flexible Benefits Plan. Most insurances available through payroll deduction can be covered under this plan.

**DEPENDENT DAY CARE SPENDING ACCOUNT** -- An amount equivalent to day-care expenses is deducted from the check prior to calculation of taxes. This portion of the plan **DOES NOT** pay the day-care provider for you, as does the benefit portion. Payments are made into this account, **AND** the employee then pays the day care provider and requests tax-free reimbursement from the account. Certain guidelines apply that should be carefully considered:

1. IRS rules stipulate that money left over in the account after all reimbursements for the plan year have been made are **NOT** carried forward or returned. This money remains with the plan administrator.
2. No other payment can be received for these expenses.
3. Since the tax savings occur **BEFORE** taxes are calculated on income, reimbursed expenses cannot be claimed for income tax purposes.

### PLAN COST

Currently, the plan costs \$1.96 per month for employees participating in the insurance premium conversion portion of the plan. The charge for the Dependent Day Care Spending Account is \$2.26 per month.

### CONTACT FOR INFORMATION/FORMS

An informational packet and forms are available from the Department's Human Resource Office at 922-1290.

The Plan Manager is Fringe Benefits Management Company, P.O. Box 1878, Tallahassee, FL 32302-1878. Customer Service Representatives can be reached at 1-800-342-8017, from 8 a.m. to 8 p.m. central time, Monday through Friday.